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C O N F I D E N T I A L SECTION 01 OF 04 VALLETTA 000044

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DEPARTMENT FOR EUR/WE

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SUBJECT: MALTA TO HOLD GENERAL ELECTIONS MARCH 8

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Classified By: PolOff MCummings for reasons 1.4 (b) and (d)

11. (C) Summary. Maltese Prime Minister Gonzi today (February 4) dissolved Parliament, and President Fenech-Adami called for national elections to be held on March 8. With elections required by August and expected by Easter, the two dominant parties -- the ruling Nationalist Party (NP) and opposition Malta Labor Party (MLP) -- had been in full-swing election mode since the beginning of the year. The margin of victory in 2003 was under 2,000 votes, and the outcome for the upcoming elections could be similarly close; both government and opposition officials have expressed cautious optimism to Embassy officers at their prospects, with the opposition MLP showing particular excitement at the possibility of a return to power after being out of government for all but two of the last twenty years. A victory by the opposition in this EU member state would impact U.S. interests in several ways, including by reducing possibilities for multilateral security cooperation. A detailed discussion of what the elections might mean for U.S. interests and a primer on the somewhat arcane Maltese electoral system are presented below. End summary.

SETTING THE SCENE

12. (U) Malta is gearing up for its first general elections since joining the European Union. Elections were required by August 2008, as Parliament's term cannot exceed five years and the most recent elections were in 2003. The timing of the elections has been a matter of much debate locally; with Prime Minister Lawrence Gonzi's announcement today that question, at least, has been resolved. This will be the first time for Gonzi to lead his ruling Nationalist Party into elections, as he was elected leader of the Party after the last elections, when the former Prime Minister Edward

Fenech-Adami stepped aside to become President. Apart from a brief interlude in 1996-98, the Nationalist Party has been in Government since 1987.

¶3. (SBU) Two parties - the Nationalist Party (NP) and the Malta Labor Party (MLP) - have dominated Malta's politics since Malta gained independence in 1964. Third parties have failed to score any electoral success, though the Green Party was established in 1989 and remains active. Last year Josie Muscat, a popular former Nationalist MP, established his own political party, National Action (AN); the party has a conservative platform and is clearly hoping to tap into anti-immigrant sentiments that are widespread in Malta.

¶4. (SBU) The Maltese electorate tends to turn out in droves - over 96 percent of the population voted in the last election. Most Maltese strongly identify with either the Labor or Nationalist parties. It is commonly said that Maltese are born into and die belonging to the same political party. The margin of swing voters is thought to be around 10,000; while a majority of those voters favored the Nationalists in 1998 and 2003, they appear to be disenchanted with the Nationalist Government this time around. In 1998, the Nationalist's margin of victory was close to 13,000 votes; by 2003 it had dwindled to under 2,000 votes.

WHAT'S AT STAKE FOR THE U.S.?

¶5. (C) Historically, U.S. relations with the MLP have been troubled. Under the leadership of former Prime Minister Dom Mintoff, who cultivated strong economic ties with Libya in the 1970s, Malta joined the Non-Aligned Movement. More recently (in 1996), a newly-elected Labor government under Alfred Sant withdrew from Partnership for Peace (PfP) within 24 hours of Labor coming to power. (The withdrawal was part of a campaign pledge to uphold the constitutional requirement for Maltese neutrality.) By contrast, cooperation with the current government has been excellent. Prime Minister Gonzi met with President Bush in September 2005, a meeting that launched a series of bilateral agreements including the Proliferation Security Initiative Ship-Boarding Agreement (SBA), which entered into force in December 2007; as well as an Extradition Treaty and a Mutual Legal Assistance Treaty.

¶6. (C) With Malta now in the EU, the Eurozone and Schengen, and with virtually no daylight between the parties on the high-profile immigration issue, foreign policy differences between the parties are now minimal, and the Embassy has warm relations at multiple levels with officials from both parties. In the current campaign the parties are focused on local issues such as social spending on health care, education, and issues of management and corruption. With the campaign less focused on large policy matters, the personalities of leaders within the parties and fatigue with the old guard of the ruling Nationalists are expected to play a large role in the campaign.

¶7. (C) For the U.S., however, there are real issues at stake. The greatest impact of a Labor victory would be with regard to Malta's willingness to support multi-lateral security efforts: Prime Minister Gonzi told the Ambassador January 31 that Malta would rejoin PfP if the Nationalist Party wins the elections, whereas Labor remains adamantly opposed. (After having to reverse stands on major foreign policy questions like Malta's joining the European Union and then the Eurozone, Sant specifically mentioned opposition to PfP in an otherwise vague foreign policy paper issued by the MLP in 2007.) Sant has also indicated he would like to see a reduction in the visits by U.S. navy ships. A further factor appears to us to be general quality of leadership: Labor's Sant can be erratic in his decision-making, as when he first supported SBA, only to reject it as elections approached (Ref A). In his address to Parliament explaining Labor's vote on the SBA, Labor Spokesman for Foreign Affairs Leo Brincat said if Labor won the upcoming elections the Labor government would "review" the agreement and its implementation on an annual basis.

ELECTION PRIMER: THE DECISION ON TIMING

¶18. (U) The decision to call elections is taken by the Prime Minister, who advises the President to dissolve Parliament and fix a date for elections. Historically, elections have always occurred on the 34th day after Parliament was dissolved (in this case March 8) although technically they can take place anytime between 33 days and 3 months from the date of the dissolution of Parliament.

THE PREPARATION FOR ELECTIONS

¶19. (U) Once the Prime Minister calls elections, the President dissolves Parliament and puts in place a caretaker government to manage the government business until a new government can be formed. The parties then put forward their official list of candidates (while the candidates have been campaigning and making home visits for months or years, it only becomes official at this point.) While it is rare for new candidates to announce themselves at this point in the game, it is not uncommon for some candidates or current MPs to decide not to contest.

HOW THE PROCESS WORKS

¶10. (U) The Maltese electoral process is a legacy of the British era; it is complicated and arcane, and it is no surprise that it takes days for the results to be final. There are 13 districts representing around 24,000 citizens, with each district electing five candidates. Voting is done via a single transferable vote: one vote that is transferable per voters, ranked preferences. Each voter's vote is counted once, the voter ranks their candidates in order of preference -- and they are able to rank each candidate on the ballot irrespective of party. The vote only goes to one candidate; for a candidate to be elected in the first round of votes, they must be ranked as the first-preference candidate by one-sixth of the voters in a district. Once a candidate is elected, the votes that candidate receives above the quota are inherited by other candidates who were not elected in the first round of votes. Those votes are split among the second preference candidates proportionately; the votes are then added to the number of first preference votes received by each candidate not elected in the first round. The system of inheriting votes according to preference continues until the district has its slate of MPs.

¶11. (U) Many candidates contest in two districts, which can work for or against the candidates. It spreads the candidates thin when they are garnering support by visiting their constituents in their homes. It also gives MPs a chance to figure out where their support is strongest)- especially when districts are split in the redistricting process. If a candidate is elected in more than one district -- something that normally occurs only with the Prime Minister, Opposition Leader and a few other strong cabinet ministers -- the Party Executive Committee holds a vote to decide which district seat the MP will take. This decision is often taken with various political considerations in mind, such as strengthening the base in a particular district or aiming to secure victory for an ex-minister who was not re-elected. For example in 1998, Austin Gatt, now Minister of Trade, Investment, Industry and Information Technology, received a seat won by former President Guido Demarco. More recently, in the 2003 elections, Louis Galea, MP and Minister of Education, won seats in two districts and the Nationalist Party Executive Committee voted to have Helen D'Amato take his second seat, in order to have stronger female representation in the cabinet.

¶12. (U) On the day of voting, polls will be open from 7:00 AM to 10:00 PM. After the polls close, ballots are moved to a central location, accompanied by police and officials from each party, where they are hand-counted. Typically, the

parties will know who has control of parliament by early Sunday morning, but the names of elected candidates is not known until much later, once all the votes are counted and preferences distributed. After the winning MPs have been identified, the party in majority forms its government, a process that can take up to two weeks. With a March 8 election, a new government can be expected to be in place by the end of March.

CHANGING THE RULES OF THE GAME

¶13. (U) In 1964, the constitution that was adopted upon Malta's independence created 10 electoral districts with 5 or 6 seats depending on variance in the population; district population was permitted to vary as much as 15 percent from the median district, a factor that allowed the process to become overly politicized. This system of districting prevailed for 10 years, but was abolished when the Parliament passed the republican constitution in 1974. That constitution limited the extent of politicization in drawing district lines by creating 13 districts that elect 5 seats each, with the population of each district not permitted to vary from the median by more than 5 percent.

¶14. (U) In 1981, a close election led to an unusual result in which the Labor Party (MLP) won a majority of seats in Parliament even though, nationally, the Nationalist Party (NP) had won the majority of first-preference votes, which are considered to be a vote for the party. To prevent a recurrence of this outcome, the constitution was amended in 1987 with the proviso that if a party won an absolute majority of first-preference votes, then seats would be added to Parliament to ensure that the party winning the popular vote would have the majority in Parliament. The parliamentary seats added would not represent a particular district; and the MPs filling those seats would be decided by a vote in the Party Executive Committee. In 1996, the constitution was amended again to ensure that a party winning even a relative majority, for example winning 49 percent of the vote when the other main party wins 47 percent of the vote, would likewise capture the majority of seats in parliament.

¶15. (U) More constitutional amendments were approved just last year, in September 2007. The new changes ensured that the outlying island of Gozo would be considered a single district for electoral boundaries, even though its population (at around 31,000) is significantly larger than other electoral districts. The 2007 amendments also provide that when candidates from only two political parties are elected to parliament but one party is under-represented, that party will be credited with extra seats in Parliament to reflect its percentage of first-preference votes. And in the event that candidates from more than two parties are elected and one of the parties has an absolute majority (over 50 percent of the total vote) but is under-represented, that party will be credited with extra seats to reflect its votes. In any event, seat allocation for the parties will be based on the first-preference vote count and the number of seats in Parliament will remain an odd number. If these changes had been in place in for the 1998 and 2003 elections, the ruling Nationalist Party would have won a three seat majority rather than a five seat majority, according to MLP Deputy Leader Michael Falzon.

Comment

¶16. (C) Unlike the last election, which coincided with a referendum on Malta's entry into the European Union that was opposed by Labor, there is no single overarching issue in this election. With no dominant issue, Labor is focusing on corruption and management issues, and fatigue with the current government is taking its toll. A poll released on February 3 attributed a lead of six points to the opposition Labor Party; in that poll, 43 percent described themselves as undecided. (Some are attributing Labor's upward movement

in the polls to a sympathy vote for Sant -- the Labor leader was recently diagnosed with colon cancer and is undergoing treatment.) In any event, given the extremely narrow margins with which Maltese elections are traditionally decided, predicting the outcome of the race is not possible.

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